

For immediate release

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Unaudited Results for the Three Months ended 31 March 2010

London, 27 May 2010

Highlights

	Three months ended 31 March 2010 US\$'m	Three months ended 31 March 2009 US\$'m	Change %	Full year 2009 US\$'m
Group turnover	<u>981.9</u>	<u>544.5</u>	80.3	<u>2,962.6</u>
Group EBITDA	<u>623.4</u>	<u>264.6</u>	135.6%	<u>1,680.7</u>

Turnover

Group turnover in the three months ended 31 March 2010 was US\$981.9 million compared with US\$544.5 million in the same period of 2009. This increase mainly reflected the impact of higher realised prices for copper and molybdenum during the period, as well as increased copper sales volumes.

London Metal Exchange (“LME”) copper prices averaged 328.6 cents per pound during the period compared with 155.8 cents per pound in the three months ended 31 March 2009. At 31 March 2010 the weighted average forward copper price for unsettled sales was 352.9 cents per pound, resulting in positive mark-to-market adjustments of open provisional sales due to this increase in the copper price during the first quarter. This resulted in a realised copper price higher than the LME average for the three month period, at 338.1 cents per pound, compared with 207.3 cents per pound in the comparative quarter in 2009, when the copper price also increased. The net impact of provisional pricing adjustments to copper sales for the three months ended 31 March 2010 was a positive adjustment of US\$48.5 million.

Market molybdenum prices averaged US\$15.7 per pound in the three months, an increase from the average price of US\$8.9 per pound in the three months ended 31 March 2009. The realised molybdenum price for the quarter was higher than the average market price at US\$19.9 per pound, due to the impact of positive provisional pricing adjustments.

The volume of copper sold was 117,000 tonnes (three months ended 31 March 2009 – 106,900 tonnes), as increased production at Los Pelambres, reflecting higher throughput and ore grades, and improved metallurgical recoveries at El Tesoro, lifted overall production to 117,700 tonnes (three months ended 31 March 2009 – 111,900 tonnes).

Molybdenum sales volumes were 1,600 tonnes and production volumes were 1,800 tonnes (three months ended 31 March 2009 – sales and production volumes were both 1,700 tonnes).

The transport division’s sales were US\$34.3 million, in line with the sales for the three months ended 31 March 2009 of US\$33.6 million. The water division’s sales were US\$22.2 million, in line with the sales for the three months ended 31 March 2009 of US\$21.4 million.

Further details of production and sales volumes and realised prices by mining operation are given in Note 2, and an analysis of turnover by business segment is given in Note 3. Further details of the operating performance of each mine and the rail and water division are also given in the Group’s first quarter production report released on 5 May 2010.

EBITDA

Group EBITDA in the three months ended 31 March 2010 was US\$623.4 million, compared with US\$264.6 million in the first three months of 2009. The increased revenues discussed above were partly offset by increased operating costs. Excluding by-product credits (which are reported as part of turnover) and tolling charges for concentrates (which are deducted from turnover), weighted average cash costs for the Group (comprising on-site and shipping costs in the case of Los Pelambres and cash costs in the case of the other two operations) increased from 99.6 cents per pound in the three months ended 31 March 2009 to 115.9 cents per pound in the first three months of 2010. This increase was mainly a result of the stronger Chilean peso, higher on-site costs at Los Pelambres due to planned maintenance work and increased energy costs. Costs decreased in comparison with Q4 2009 when cash costs excluding by-product credits and tolling charges were 117.7 cents per pound. Further details of the cash costs of each mine are given in the Group's first quarter production report.

The amount recognised within turnover and EBITDA during the current period in respect of the Group's commodity hedging programme was a loss of US\$18.3 million in respect of derivative instruments which matured during the period. In addition to this amount recognised within EBITDA, a net gain of US\$2.4 million was recognised within other finance items, in respect of other amounts which do not form part of designated hedging relationships as well as realised and unrealised losses on exchange derivatives. A net gain of US\$5.2 million (on a pre-tax basis) was recognised directly within reserves and minority interests, in respect of mark-to-market adjustments for commodity and interest rate derivatives, which form part of designated effective hedging relationships

Further details of cash costs by mining operation are given in Note 2, and an analysis of EBITDA by business segment is given in Note 3. Details of commodity derivative instruments, including those entered into after the period end, are given in Note 5.

Cash and Borrowings

At 31 March 2010 the Group had cash and cash equivalents of US\$3,317.8 million (31 December 2009 – US\$3,222.3 million). Excluding the minority share in each partly-owned operation, the Group's attributable share of total cash and cash equivalents was US\$2,968.1 million (31 December 2009 – US\$2,934.3 million). Total Group borrowings at 31 March 2010 were US\$1,619.2 million (31 December 2009 – US\$1,626.6 million). Of this, US\$1,062.1 million (31 December 2009 – US\$1,067.6 million) is proportionally attributable to the Group after excluding the minority shareholdings in partly-owned operations. During January 2010 Los Pelambres entered into a loan facility of US\$245.0 million with Japan Bank for International Cooperation ("JBIC"). This loan was drawn-down in March 2010, and was used to refinance part of the costs of the plant expansion.

Basis of Information

The Group turnover and EBITDA figures included in this release for the three-month period ended 31 March 2010 are presented on a basis consistent with the accounting policies used in the Group's 2009 Annual Report and Financial Statements under International Financial Reporting Standards and Interpretations ("IFRS").

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza will today also file quarterly financial statements under Chilean GAAP for the three-month period ended 31 March 2010 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS"). This release includes a summary of the Chilean GAAP income statement, balance sheet and cash flow statement for each of the four mining companies to be filed with the SVS.

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Notes

1. General information and accounting policies

These unaudited first quarter results are for the three-month period ending 31 March 2010. The Group turnover and EBITDA information, including all comparatives, have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year to 31 December 2009 and in accordance with applicable International Financial Reporting Standards and Interpretations (IFRS) which have been endorsed by the European Union.

While the turnover and EBITDA information contained in this three month results announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The information included in this announcement for the three month periods ending 31 March 2009 and 31 March 2010 is unaudited.

The information contained in this announcement for the year ended 31 December 2009 does not constitute statutory accounts. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain statements under section 498(2) (regarding adequacy of accounting records and returns) or section 498(3) (regarding provision of necessary information and explanations) of the Companies Act 2006. The comparative information contained in Note 2 of this announcement is not derived from the statutory accounts for the year ended 31 December 2009 and is accordingly not covered by the auditors' report.

2. Production and Sales Statistics

(See notes following Note 2(b).)

(a) Production and sales volumes for copper and molybdenum

	<u>Production</u>			<u>Sales</u>		
	Three months ended 31 March 2010 000 tonnes	Three months ended 31 March 2009 000 tonnes	Full year 2009 000 tonnes	Three months ended 31 March 2010 000 tonnes	Three months ended 31 March 2009 000 tonnes	Full year 2009 000 tonnes
Copper						
Los Pelambres	83.5	80.2	311.6	83.9	75.6	313.6
El Tesoro	24.4	20.4	90.2	22.5	20.3	89.8
Michilla	9.8	11.4	40.6	10.6	11.0	39.5
Group total	117.7	111.9	442.5	117.0	106.9	442.9
Molybdenum						
Los Pelambres	1.8	1.7	7.8	1.6	1.7	7.7

(b) Cash costs per pound of copper produced and realised prices per pound of copper and molybdenum sold

	<u>Cash cost</u>			<u>Realised prices</u>		
	Three months ended 31 March 2010 US cents	Three months ended 31 March 2009 US cents	Full year 2009 US cents	Three months ended 31 March 2010 US cents	Three months ended 31 March 2009 US cents	Full year 2009 US cents
Copper						
Los Pelambres	74.1	84.7	80.4	348.6	217.2	286.8
El Tesoro	134.3	124.2	123.4	336.5	192.2	246.3
Michilla	172.3	140.3	157.6	258.5	168.2	195.7
Group weighted average (net of by-products)	94.7	97.5	96.3	338.1	207.3	270.6
Group weighted average (before deducting by-products)	128.8	112.1	120.3			
Group weighted average (before deducting by-products and excluding tolling charges from concentrate)	115.9	99.6	106.7			
Cash costs at Los Pelambres comprise:						
On-site and shipping cost	103.9	87.5	95.3			
Tolling charges for concentrates	18.2	17.6	19.2			
Cash costs before deducting by-product credits	122.1	105.1	114.5			
By-product credits (principally molybdenum)	(48.1)	(20.4)	(34.1)			
Cash costs (net of by-product credits)	74.1	84.7	80.4			
LME average				328.6	155.8	234.2
				US\$	US\$	US\$
Molybdenum						
Los Pelambres				19.9	7.8	11.3
Market average price				15.7	8.9	11.1

Notes to the production and sales statistics

- (i) The production and sales figures represent the actual amounts produced and sold, not the Group's share of each mine. The Group owns 60% of Los Pelambres, 70% of El Tesoro and 74.2% of Michilla.
- (ii) Los Pelambres produces copper and molybdenum concentrates, and the figures for Los Pelambres are expressed in terms of payable metal contained in concentrate. Los Pelambres is also credited for the gold and silver contained in the copper concentrate sold. El Tesoro and Michilla produce cathodes with no by-products.
- (iii) Cash costs are a measure of the cost of operational production expressed in terms of cents per pound of payable copper produced. Cash costs are stated net of by-product credits and include tolling charges for concentrates at Los Pelambres. Cash costs exclude depreciation, financial income and expenses, hedging gains and losses, exchange gains and losses and corporation tax for all three operations. By-product calculations do not take into account mark-to-market gains for molybdenum at the beginning or end of each year.

- (iv) Realised copper prices are determined by comparing turnover from copper sales (grossing up for tolling charges for concentrates) with sales volumes for each mine in the period. Realised molybdenum prices at Los Pelambres are calculated on a similar basis. Realised prices reflect gains and losses on commodity derivatives, which are included within turnover.
- (v) The totals in the tables above may include some small apparent differences as the specific individual figures have not been rounded.
- (vi) The production information in Note 2(a) and the cash cost information in Note 2(b) is derived from the Group's production report for the first quarter of 2010, published on 5 May 2010.

3. Turnover and EBITDA analysed by business segment

	<u>Turnover</u>			<u>EBITDA</u>		
	Three months ended 31 March 2010 US\$'m	Three months ended 31 March 2009 US\$'m	Full year 2009 US\$'m	Three months ended 31 March 2010 US\$'m	Three months ended 31 March 2009 US\$'m	Full year 2009 US\$'m
Los Pelambres	698.1	362.7	2,081.5	503.4	214.4	1,408.9
El Tesoro	166.9	86.0	487.6	96.2	29.9	231.7
Michilla	60.4	40.8	170.5	20.5	8.6	27.9
Exploration	-	-	-	(15.7)	(14.4)	(67.1)
Corporate and other items	-	-	-	(11.5)	(7.9)	(37.5)
Mining	925.4	489.5	2,739.6	592.9	230.6	1,563.9
Railway and other transport services	34.3	33.6	139.4	14.3	18.5	56.6
Water concession	22.2	21.4	83.6	16.2	15.5	60.2
Group turnover and EBITDA	981.9	544.5	2,962.6	623.4	264.6	1,680.7

Turnover by product:

	<u>Turnover by product</u>		
	Three months ended 31 March 2010 US\$'m	Three months ended 31 March 2009 US\$'m	Full year 2009 US\$'m
Copper			
- Los Pelambres	614.6	329.8	1,858.0
- El Tesoro	166.9	86.0	487.6
- Michilla	60.4	40.8	170.5
Molybdenum			
- Los Pelambres	67.5	25.7	180.1
Silver			
- Los Pelambres	6.1	3.4	19.8
Gold			
- Los Pelambres	9.9	3.8	23.6
Total Mining	925.4	489.5	2,739.6
Railway and transport services	34.3	33.6	139.4
Water concession	22.2	21.4	83.6
	981.9	544.5	2,962.6

Notes to turnover and EBITDA by business segment

- (i) Turnover from the Railway and other transport services is stated after eliminating inter-segmental sales to the mining division of US\$2.2 million (three months ended 31 March 2009 - US\$2.8 million). Turnover from the Water concession is stated after eliminating inter-segmental sales to the mining division of US\$2.4 million (three months ended 31 March 2009 - US\$1.1 million) and after eliminating sales to the Railway and other transport services division of US\$0.1 million (three months ended 31 March 2009 - US\$0.1 million).
- (ii) Turnover includes the effect of both final pricing and mark-to-market adjustments to provisionally priced sales of copper and molybdenum concentrates and copper cathodes. Further details of such adjustments are given in Note 4.
- (iii) Turnover includes a realised gain on commodity derivatives at El Tesoro of US\$0.3 million (three months ended 31 March 2009 – gain of US\$9.4 million) and a realised loss at Michilla of US\$18.6 million (three months ended 31 March 2009 – loss of US\$1.3 million). Further details are given in Note 5.
- (iv) EBITDA is calculated by adding back depreciation, amortisation and disposals of plant, property and equipment and any impairment charges to operating profit from subsidiaries.

4. Embedded derivatives – provisionally priced sales

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from 30 to 180 days after delivery to the customer.

Under IFRS, both gains and losses from the marking-to-market of open sales are recognised through adjustments to turnover in the income statement and to trade debtors in the balance sheet. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market for that commodity.

The mark-to-market adjustments at the end of each period and the effect on turnover in the income statement for each period are as follows:

	Balance sheet -		
	net mark to market effect on debtors		
	At 31.03.10	At 31.03.09	At 31.12.09
	US\$m	US\$m	US\$m
Los Pelambres - copper concentrate	49.3	56.5	62.1
Los Pelambres - tolling charges for copper concentrate	(0.2)	(1.2)	(0.6)
Los Pelambres - molybdenum concentrate	3.4	(2.0)	(1.1)
El Tesoro - copper cathodes	2.3	2.1	2.0
Michilla - copper cathodes	1.0	0.5	0.4
	55.8	55.9	62.8

(a) Copper sales

	Three months ended 31 March 2010			Three months ended 31 March 2009			Full year 2009		
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
	Los Pelambres	El Tesoro	Michilla	Los Pelambres	El Tesoro	Michilla	Los Pelambres	El Tesoro	Michilla
	Copper concentrate	Copper cathodes	Copper cathodes	Copper concentrate	Copper cathodes	Copper cathodes	Copper concentrate	Copper cathodes	Copper cathodes
Provisionally invoiced gross sales	602.0	162.3	77.6	259.0	69.6	38.4	1,602.8	476.5	204.5
Effects of pricing adjustments to previous period invoices									
Reversal of mark-to-market adjustments at the end of the previous period	(62.1)	(2.0)	(0.4)	257.6	0.8	(0.2)	257.6	0.8	(0.2)
Settlement of copper sales invoiced in the previous period	55.1	2.6	(0.4)	(213.2)	0.8	1.3	(179.6)	0.6	1.3
Total effect of adjustments to previous period invoices in the current period	(7.0)	0.6	(0.8)	44.4	1.6	1.1	78.0	1.4	1.1
Effects of pricing adjustments to current period invoices									
Settlement of copper sales invoiced in the current period	0.5	1.4	1.2	1.9	3.3	2.1	240.2	27.7	10.3
Mark-to-market adjustments at the end of the current period	49.3	2.3	1.0	56.5	2.1	0.5	62.1	2.0	0.4
Total effect of adjustments to current period invoices	49.8	3.7	2.2	58.4	5.4	2.6	302.3	29.7	10.7
Total pricing adjustments	42.8	4.3	1.4	102.8	7.0	3.7	380.3	31.1	11.8
Realised gains/(losses) on commodity derivatives	-	0.3	(18.6)	-	9.4	(1.3)	-	(20.0)	(45.8)
Turnover before deducting tolling charges	644.8	166.9	60.4	361.8	86.0	40.8	1,983.1	487.6	170.5
Tolling charges	(30.2)	-	-	(32.0)	-	-	(125.1)	-	-
Turnover net of tolling charges	614.6	166.9	60.4	329.8	86.0	40.8	1,858.0	487.6	170.5

Copper concentrate

At 31 March 2010, copper concentrate sales at Los Pelambres had an average settlement period of approximately three months after shipment date. Sales totalling 80,700 tonnes remained open as to price, with an average mark-to-market price of 353.0 cents per pound compared with an average provisional invoice price of 325.3 cents per pound.

At 31 March 2009 copper concentrate sales at Los Pelambres had an average settlement period of approximately four months after shipment date. Sales totalling 102,000 tonnes remained open as to price, with an average mark-to-market price of 182.6 cents per pound compared with an average provisional invoice price of 157.5 cents per pound.

At 31 December 2009, copper concentrate sales at Los Pelambres had an average settlement period of approximately three months after shipment date. Sales totalling 73,700 tonnes remained open as to price, with an average mark-to-market price of 334.0 cents per pound compared with an average provisional invoice price of 295.8 cents per pound.

Tolling charges include a mark-to-market gain for copper concentrate sales open as to price at 31 March 2010 of US\$0.4 million (31 March 2009 – loss of US\$5.7 million; year ended 31 December 2008 – loss of US\$5.1 million).

Copper cathodes

At 31 March 2010, 31 March 2009 and 31 December 2009 copper cathode sales at El Tesoro and Michilla had an average settlement period of approximately one month after shipment date.

At 31 March 2010, sales totalling 10,500 tonnes remained open as to price, with an average mark-to-market price of 352.3 cents per pound compared with an average provisional invoice price of 338.4 cents per pound. At 31 March 2009, sales totalling 9,700 tonnes remained open as to price, with an average mark-to-market price of 181.9 cents per pound compared with an average provisional invoice price of 169.9 cents per pound. At 31 December 2009, sales totalling 10,400 tonnes remained open as to price, with an average mark-to-market price of 333.5 cents per pound compared with an average provisional invoice price of 322.9 cents per pound.

(b) Molybdenum sales

	Three months ended 31 March 2010	Three months ended 31 March 2009	Full year 2009
	US\$m	US\$m	US\$m
	Los Pelambres	Los Pelambres	Los Pelambres
	Molybdenum concentrate	Molybdenum concentrate	Molybdenum concentrate
Provisionally invoiced gross sales	53.0	33.3	189.2
Effects of pricing adjustments to previous period invoices			
Reversal of mark-to-market adjustments at the end of the previous period	1.1	13.3	13.3
Settlement of molybdenum sales invoiced in the previous period	9.2	(15.3)	(15.5)
Total effect of adjustments to previous period invoices in the current period	10.3	(2.0)	(2.2)
Effects of pricing adjustments to current period invoices			
Settlement of molybdenum sales invoiced in the current period	3.5	(0.6)	6.4
Mark-to-market adjustments at the end of the current period	3.4	(2.0)	(1.1)
Total effect of adjustments to current period invoices	6.9	(2.6)	5.3
Total pricing adjustments	17.2	(4.6)	3.1
Turnover before deducting tolling charges	70.2	28.7	192.3
Tolling charges	(2.7)	(3.0)	(12.2)
Turnover net of tolling charges	67.5	25.7	180.1

At 31 March 2010, molybdenum concentrate sales at Los Pelambres had an average settlement period of approximately two months after shipment date. Sales totalling 800 tonnes remained open as to price, with an average mark-to-market price of US\$17.4 per pound compared with an average provisional invoice price of US\$15.6 per pound.

At 31 December 2009, molybdenum concentrate sales at Los Pelambres had an average settlement period of approximately two months after shipment date. Sales totalling 1,400 tonnes remained open as to price, with an average mark-to-market price of US\$11.3 per pound compared with an average provisional invoice price of US\$11.6 per pound.

At 31 March 2009, molybdenum concentrate sales at Los Pelambres had an average settlement period of approximately three months after shipment date. Sales totalling 1,500 tonnes remained open as to price, with an average mark-to-market price of US\$8.5 per pound compared with an average provisional invoice price of US\$9.1 per pound.

5. Derivative Financial Instruments

The Group periodically uses derivative financial instruments to reduce its exposure to commodity price, foreign exchange and interest rate movements. The Group does not use such derivative instruments for speculative trading purposes.

The Group has applied the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement". Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows have been recognised directly in equity, with such amounts subsequently recognised in the income statement in the period when the hedged item affects profit or loss. Any ineffective portion is recognised immediately in the income statement. Realised gains and losses on commodity derivatives recognised in the income statement have been recorded within turnover. The time value element of changes in the fair value of derivative options is excluded from the designated hedging relationship, and is therefore recognised directly in the income statement within other finance items. Realised gains and losses and changes in the fair value of exchange and interest derivatives are recognised within other finance items.

(a) Mark-to-market adjustments and income statement impact

The balance sheet mark-to-market adjustments in respect of derivatives at the end of each period, and the total effect on the income statement for each period, are as follows:

For the period ended 31 March 2010

	<u>Impact on income statement for three months ended</u> <u>31.03.10</u>			<u>Impact on</u> <u>reserves at</u> <u>31.03.10</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.01.10</u>
	Realised gains/(losses)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US\$m	US\$m	US\$m	US\$m	US\$m
Commodity Derivatives					
El Tesoro	0.3	-	0.3	(0.4)	(0.3)
Michilla	(18.6)	1.4	(17.2)	13.2	(63.3)
Exchange Derivatives					
Los Pelambres	(0.1)	(0.6)	(0.7)	-	(0.4)
Michilla	-	-	-	0.9	0.9
Esperanza	-	-	-	2.1	2.1
Corporate and other items	0.1	0.6	0.7	-	0.4
Railway and other transport services	2.7	(1.9)	0.8	-	(0.3)
Water concession	(1.7)	1.9	0.2	-	-
Interest Derivatives					
Esperanza	-	-	-	(10.7)	(5.3)
	(17.3)	1.4	(15.9)	5.1	(66.2)

For the period ended 31 March 2009

	<u>Impact on income statement for three months ended</u> <u>31.03.09</u>			<u>Impact on</u> <u>reserves at</u> <u>31.03.09</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.01.09</u>
	Realised gains/(losses)	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net gain/(loss)	Losses resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US\$m	US\$m	US\$m	US\$m	US\$m
Commodity Derivatives					
El Tesoro	9.4	(4.0)	5.4	(35.0)	12.7
Michilla	(1.3)	(5.5)	(6.8)	(4.8)	(10.3)
Exchange Derivatives					
Railway and other transport services	(2.5)	1.4	(1.1)	-	-
Water concession	-	(1.7)	(1.7)	-	(1.7)
	5.6	(9.8)	(4.2)	(39.8)	0.7

For the year ended 31 December 2009

	<u>Income statement impact for nine months ended</u> <u>31.12.09</u>			<u>Impact on</u> <u>reserves at</u> <u>31.12.09</u>	<u>Total balance</u> <u>sheet impact of</u> <u>mark-to-market</u> <u>adjustments at</u> <u>31.12.09</u>
	Realised losses	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Total net loss	Gains/(losses) resulting from mark-to-market adjustments on hedging instruments	Net financial asset/(liability)
	US\$m	US\$m	US\$m	US\$m	US\$m
Commodity Derivatives					
El Tesoro	(20.0)	0.9	(19.1)	(52.5)	0.1
Michilla	(45.8)	(2.0)	(47.8)	(75.9)	(77.9)
Exchange Derivatives					
Corporate and other items	(0.8)	(0.2)	(1.0)	-	(0.2)
Railway and other transport services	(9.8)	3.0	(6.8)	-	1.6
Water concession	(2.7)	(1.9)	(4.6)	-	(1.9)
Interest Derivatives					
Esperanza	-	-	-	(5.7)	(5.7)
	(79.1)	(0.2)	(79.3)	(134.1)	(84.0)

The gains/(losses) recognized in reserves are disclosed before minority interest and tax.

The net financial asset/(liability) resulting from the balance sheet mark-to-market adjustments are analysed as follows:

	At 31.03.10	At 31.03.09	At 31.12.09
	US\$m	US\$m	US\$m
Analysed between:			
Non-current assets	-	-	-
Current assets	3.4	2.4	1.7
Current liabilities	(67.4)	(1.7)	(81.2)
Non-current liabilities	(13.3)	-	(4.5)
	(77.3)	0.7	(84.0)

(b) Outstanding derivative financial instruments**(i) Commodity derivatives**

The Group periodically uses commodity derivatives to manage its exposure to commodity price fluctuations.

Min/max instruments

	000 tonnes of copper production hedged				For instruments held at 31.03.10			
	At 31.03.10 000 tonnes	Entered into post period end 000 tonnes	Matured post period end 000 tonnes	At 30.04.10 000 tonnes	Weighted average remaining period from 1 April 2010 Months	Covering a period up to:	Weighted average floor US cents	Weighted average cap US cents
Michilla	16,650	18,000	(1,850)	32,800	5	31/12/10	186.8	237.8

Up to 30 April 2010:

- (i) 22,200 tonnes of 2010 Group copper production has been hedged with min-max options of which 7,400 tonnes matured by 30 April 2010 and 14,800 tonnes remain outstanding and will mature by the end of the year.
- (ii) 9,600 tonnes of 2011 Group copper production has been hedged.
- (iii) 8,400 tonnes of 2012 Group copper production has been hedged.

Futures – copper production

	000 tonnes of copper production hedged				For instruments held at 31.03.10		
	At 31.03.10 000 tonnes	Entered into post period end 000 tonnes	Matured post period end 000 tonnes	At 30.04.10 000 tonnes	Weighted average remaining period from 1 April 2010 Months	Covering a period up to:	Weighted average price US cents
Michilla	7,200	-	(800)	6,400	5	31/12/10	200.8

Up to 30 April 2010, 9,800 tonnes of 2010 Group copper production has been hedged with futures of which 3,400 tonnes matured by 30 April 2010 and 6,400 tonnes remain outstanding and will mature by the end of the year.

Combined min-max instruments and futures-copper production

In total, up to 30 April 2010:

- (i) 32,000 tonnes of 2010 Group copper production has been hedged with either min-max options or futures of which 10,800 tonnes matured by 30 April 2010 and 21,200 tonnes remain outstanding and will mature by the end of the year.
- (ii) 9,600 tonnes of 2011 Group copper production has been hedged with min-max options.
- (iii) 8,400 tonnes of 2012 Group copper production has been hedged with min-max options.

Futures – arbitrage

The Group also has futures for copper production, to buy and sell copper production with the effect of swapping COMEX prices for LME prices without eliminating underlying market price exposure.

	000 tonnes of copper production hedged				For instruments held at 31.03.10		
	At 31.03.10 000 tonnes	Entered into post period end 000 tonnes	Matured post period end 000 tonnes	At 30.04.10 000 tonnes	Weighted average remaining period from 1 April 2010 Months	Covering a period up to:	Weighted average price US cents
El Tesoro	5,000	-	(500)	4,500	9.0	31/01/11	270.8

(ii) Exchange derivatives

The Group periodically uses foreign exchange derivatives to reduce its exposure to fluctuations in the exchange rates influencing operating costs and the fair value of non-US dollar denominated assets or liabilities.

The Group has used cross currency swaps to swap Chilean pesos for US dollars:

	Principal value of cross currency swaps held				For instruments held at 31.03.10		
	At 31.03.10 US\$m	Entered into post period end US\$m	Matured post period end US\$m	At 30.04.10 US\$m	Weighted average remaining period from 1 April 2010 Months	Covering a period up to:	Weighted average rate Ch\$/US\$
Los Pelambres	30.1	-	-	30.1	1.5	27/05/10	531.9
Michilla	28.1	-	-	28.1	3.8	05/10/10	540.7
Esperanza	98.0	62.0	(22.0)	138.0	1.2	02/06/10	535.7
Corporate and other items	23.7	-	(14.7)	9.0	0.8	04/05/10	518.2
Railway and other transport services	83.5	7.7	(11.5)	79.7	1.5	24/05/10	526.6
	<u>263.4</u>	<u>69.7</u>	<u>(48.2)</u>	<u>284.9</u>	<u>1.6</u>		<u>531.3</u>

(iii) Interest derivatives

The Group periodically uses interest derivatives to reduce its exposure to interest rate movements.

The Group has used interest rate swaps to swap the floating rate interest relating to the Esperanza financing for fixed rate interest. At 31 March 2010 the Group had entered into the contracts outlined below:

	Phase	Start date	Maturity date	Maximum notional amount US\$m	Weighted Average Fixed Rate %
Esperanza	1	15/02/10	15/02/11	787.8	1.399
Esperanza	2	15/02/11	15/02/18	840.0	3.372

6. Summary of mining companies' Chilean GAAP financial statements

The Group's four mining companies, Los Pelambres, El Tesoro, Michilla and Esperanza, will file financial statements under Chilean GAAP for the three month period ended 31 March 2010 with the Chilean securities regulator, the Superintendencia de Valores y Seguros de Chile ("SVS").

The balance sheets, income statements and cash flow statements prepared under Chilean GAAP and to be filed with the SVS are summarised below.

(a) Balance sheets

	Los Pelambres At 31.03.10	Los Pelambres At 31.03.09	El Tesoro At 31.03.10	El Tesoro At 31.03.09	Michilla At 31.03.10	Michilla At 31.03.09	Esperanza At 31.03.10	Esperanza At 31.03.09
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Cash and cash equivalents	640.7	202.1	162.4	176.9	49.3	26.6	106.0	215.5
Trade and other receivables	335.7	152.9	98.1	44.9	30.0	13.6	41.6	100.8
Inventories	53.2	100.6	159.4	39.6	24.5	22.0	2.3	12.4
Current and deferred tax assets	14.9	139.0	15.0	30.6	4.1	12.5	42.2	40.4
Current assets	1,044.5	594.6	434.9	292.0	107.9	74.7	192.1	369.1
Fixed assets	2,561.3	2,217.3	397.5	584.2	19.4	-	1,525.3	698.7
Other non-current assets	176.9	134.5	253.4	129.4	7.1	3.1	280.6	168.0
TOTAL ASSETS	3,782.7	2,946.4	1,085.8	1,005.6	134.4	77.8	1,998.0	1,235.8
Short term borrowings	(216.1)	(579.6)	(18.0)	(0.1)	-	-	(2.6)	-
Trade and other payables	(149.5)	(100.8)	(32.0)	(55.0)	(32.9)	(20.0)	(156.7)	(411.9)
Current and deferred tax liabilities	(13.0)	-	(11.4)	(1.2)	-	-	-	-
Current liabilities	(378.6)	(680.4)	(61.4)	(56.3)	(32.9)	(20.0)	(159.3)	(411.9)
Medium and long term borrowings	(614.0)	(76.7)	(0.1)	(0.3)	-	-	(1,043.2)	-
Trade and other payables	(59.7)	(17.6)	(17.5)	(18.2)	(21.8)	(8.8)	(86.6)	(100.8)
Deferred tax liabilities	(275.7)	(244.8)	(52.9)	(58.2)	-	-	(14.4)	(28.6)
Non-current liabilities	(949.4)	(339.1)	(70.5)	(76.7)	(21.8)	(8.8)	(1,144.2)	(129.4)
Total liabilities	(1,328.0)	(1,019.5)	(131.9)	(133.0)	(54.7)	(28.8)	(1,303.5)	(541.3)
Share capital	(373.8)	(373.8)	(91.0)	(91.0)	(42.6)	(78.4)	(694.5)	(694.5)
Reserves	(2,080.9)	(1,553.1)	(862.9)	(781.6)	(37.1)	29.4	-	-
Total shareholders' equity	(2,454.7)	(1,926.9)	(953.9)	(872.6)	(79.7)	(49.0)	(694.5)	(694.5)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	(3,782.7)	(2,946.4)	(1,085.8)	(1,005.6)	(134.4)	(77.8)	(1,998.0)	(1,235.8)

(b) Income statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Turnover	707.1	311.9	166.6	83.9	59.8	40.5	-	-
Operating costs	(198.1)	(151.9)	(79.4)	(57.8)	(38.1)	(34.5)	-	-
Operating margin	509.0	160.0	87.2	26.1	21.7	6.0	-	-
Administrative and distribution expenses	(33.7)	(26.2)	(10.6)	(8.9)	(3.9)	(3.9)	-	-
Operating profit	475.3	133.8	76.6	17.2	17.8	2.1	-	-
Other income	1.2	1.2	0.3	0.6	0.2	5.2	-	-
Financial income	0.4	0.5	1.4	2.0	0.1	0.1	-	-
Financial expenses	(4.8)	(6.6)	(0.1)	(0.2)	(0.1)	-	-	-
Other expenses	(1.9)	(1.8)	(0.3)	(0.9)	(0.1)	(1.9)	-	-
Exchange difference	(2.9)	1.7	-	9.7	0.7	2.1	-	-
Net non-operating income	(8.0)	(5.0)	1.3	11.2	0.8	5.5	-	-
Profit before tax	467.3	128.8	77.9	28.4	18.6	7.6	-	-
Income tax expense	(94.8)	(28.0)	(14.8)	(5.8)	(4.2)	(1.3)	-	-
Profit for the financial period	372.5	100.8	63.1	22.6	14.4	6.3	-	-

(c) Cash flow statements

	Los Pelambres	Los Pelambres	El Tesoro	El Tesoro	Michilla	Michilla	Esperanza	Esperanza
	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009	Three months ended 31 March 2010	Three months ended 31 March 2009
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Net cash flow from operating activities	315.6	(312.9)	75.0	41.3	13.4	(8.0)	(5.8)	30.3
Investing activities								
Additions to fixed assets	(60.7)	(84.9)	(9.3)	(36.0)	(4.3)	(2.1)	(211.6)	(87.6)
Other loans to related companies	-	-	-	-	-	-	-	-
Net cash used in investing activities	(60.7)	(84.9)	(9.3)	(36.0)	(4.3)	(2.1)	(211.6)	(87.6)
Financing activities								
New Loans	710.0	274.0	-	-	-	-	(0.3)	-
Dividends paid	(710.0)	-	-	-	-	-	-	-
Net cash used in financing activities	-	274.0	-	-	-	-	(0.3)	-
Net (decrease)/increase in cash and cash equivalents	254.9	(123.8)	65.7	5.3	9.1	(10.1)	(217.7)	(57.3)
Cash and cash equivalents at the beginning of the period	385.8	325.9	96.7	171.6	40.2	36.7	323.7	272.8
Cash and cash equivalents at the end of the period	640.7	202.1	162.4	176.9	49.3	26.6	106.0	215.5

Notes to Chilean GAAP financial statements

- (i) The above balance sheets, income statements and cash flow statements have been derived from the financial statements of Los Pelambres, El Tesoro, Michilla and Esperanza for the three months ended 31 March 2010 to be filed with the SVS in Chile on 27 May 2010. Certain detailed lines in the individual statements have been combined.
- (ii) The balance sheets, income statements and cash flow statements above have been prepared under Chilean GAAP and therefore do not necessarily equate to the amounts that would be included in the Group's consolidated financial statements for a corresponding period either as to measurement or classification.
- (iii) The amounts disclosed above represent the full amount for each company and not the Group's attributable share. The Group owns 60% of Los Pelambres, 70% of El Tesoro, 74.2% of Michilla and 70% of Esperanza.
- (iv) All income and expenditure incurred in the development of Esperanza is capitalised as part of the mining property asset, and accordingly there are no income statement gains or losses in respect of Esperanza.
- (v) A translation into English of the full financial statements as filed with the SVS for each company shown in summary form above will be available on the Group's website www.antofagasta.co.uk after these have been filed.

7. Reconciliation of Chilean GAAP results to Turnover and EBITDA under IFRS for individual business segments

(a) Turnover

	Notes	Los Pelambres Three months ended 31 March 2010 US\$m	Los Pelambres Three months ended 31 March 2009 US\$m	El Tesoro Three months ended 31 March 2010 US\$m	El Tesoro Three months ended 31 March 2009 US\$m	Michilla Three months ended 31 March 2010 US\$m	Michilla Three months ended 31 March 2009 US\$m	Esperanza Three months ended 31 March 2010 US\$m	Esperanza Three months ended 31 March 2009 US\$m
Chilean GAAP - Turnover		707.1	311.9	166.6	83.9	59.8	40.5	-	-
Mark-to-market of provisionally priced sales	7(i)	(9.0)	50.8	0.3	2.1	0.6	0.3	-	-
IFRS - Turnover		698.1	362.7	166.9	86.0	60.4	40.8	-	-

(b) EBITDA

	Notes	Los Pelambres Three months ended 31 March 2010 US\$m	Los Pelambres Three months ended 31 March 2009 US\$m	El Tesoro Three months ended 31 March 2010 US\$m	El Tesoro Three months ended 31 March 2009 US\$m	Michilla Three months ended 31 March 2010 US\$m	Michilla Three months ended 31 March 2009 US\$m	Esperanza Three months ended 31 March 2010 US\$m	Esperanza Three months ended 31 March 2009 US\$m
Chilean GAAP - Operating profit		475.3	133.8	76.6	17.2	17.8	2.1	-	-
Depreciation & amortisation		38.2	30.2	21.9	10.5	2.1	2.2	-	-
Chilean GAAP - EBITDA		513.5	164.0	98.5	27.7	19.9	4.3	-	-
Mark-to-market of provisionally priced sales	7(i)	(9.0)	50.8	0.3	2.1	0.6	0.3	-	-
Other IFRS and consolidation adjustments		(1.1)	(0.4)	(2.6)	0.1	-	4.0	-	-
IFRS - EBITDA		503.4	214.4	96.2	29.9	20.5	8.6	-	-

Notes to reconciliation of turnover and EBITDA

- (i) Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average London Metal Exchange copper price or monthly average molybdenum price for specified future periods. This normally ranges from 30 to 180 days after delivery to the customer.

Under Chilean GAAP, the Group's accounting treatment is to value sales, which remain open as to final pricing at the period end, in aggregate at the lower of provisional invoice prices and mark-to-market prices at the balance sheet date. Mark-to-market adjustments in respect of tolling charges (whether positive or negative) are not taken into account. The Group determines mark-to-market prices using forward prices at each period end for copper concentrate and cathode sales, and period-end month average prices for molybdenum concentrate sales due to the absence of a futures market for that commodity.

Under IFRS, both gains and losses from the marking-to-market of open sales are recognised through adjustments to turnover in the income statement and to trade debtors in the balance sheet. Under IFRS, the Group determines mark-to-market prices in the same way as under Chilean GAAP.

This results in a GAAP adjustment in cases where the mark-to-market prices are higher than the provisional invoice prices either at the opening or closing periods. For Los Pelambres this results in a loss of US\$12.4 million in respect of copper concentrate sales and a credit of US\$3.4 million in respect of molybdenum concentrate sales. For El Tesoro this results in a gain of US\$0.3 million and at Michilla a gain of US\$0.6 million.